

INFLUENCE OF ENTREPRENEURIAL CHARACTERISTICS ON BUSINESS PERFORMANCE

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To cite this article (APA): David, S., & Megbuwawon, A. (2024). Influence of entrepreneurial characteristics on business performance. *AAU Journal of Business Educators*, 4(2), 241-247

Abstract

The purpose of this study is to investigate the influence of entrepreneurial characteristics on business performance in Good Hall Pharmacy in Nigeria. A correlational survey research design was adopted for the study. The population of the study comprised of fifty (50) staff of Good Hall Pharmacy. Data was collected through a structured questionnaire. The data were analyze using linear regression. The study reveals that entrepreneurial characteristics (Innovation, creativity, risk-taking, adaptability, resilience, strategic thinking, resourcefulness) has significant relationship with business performance. The authors recommended, among others, that characteristics of entrepreneurs should be developed through experiential learning, social interaction learning, training in leadership knowledge and skills development, motivation, communication skills and team working.

Keywords: Business Performance, Entrepreneurial Characteristics, Good hall Pharmacy.

Introduction

Embarking on a business endeavour without the innate intuition or qualities of an entrepreneur is highly risky and likely to result in failure (Williams et al., 2020). This is because such a venture is not sustainable in the long run. An entrepreneur must overcome challenges before their business reaches the break-even point. Individuals lacking the entrepreneurial disposition would lack the necessary patience to cultivate a business until it became profitable. This is the cause of failure for most business enterprises.

In both developing and established countries, small and medium scale enterprises (SMEs) exhibit entrepreneurial characteristics that are crucial for the developmental processes of industrialization and economic progress. In addition to raising per capita income and output, SMEs generate job possibilities, foster regional economic equilibrium through industrial dispersal, and generally facilitate efficient resource utilization, which is crucial for driving economic development and growth. Nevertheless, the crucial role played SMEs is hindered in several locations due to insufficient financial resources and ineffective administration. The negative macroeconomic conditions have been cited as a significant limitation that often leads financial institutions to be cautious in providing funding to SMEs. The financial institution's hesitance to provide funding for SMEs can be attributed to the banks' inadequate capital base and the presence of information asymmetry between SMEs and lending institutions, which is often characterized by entrepreneurial characteristics (Islam, Khan, Obaidullah & Alam, 2021).

Ajani and Oluyemi (2016) noted that successful entrepreneurial activities require strong entrepreneurial characteristics and abilities, as entrepreneurship development plays a crucial role in economic advancement. They categorized entrepreneur attributes into demographic, personal, and individual characteristics, as well as entrepreneur orientation and readiness. The entrepreneur plays a

crucial role in the management of SMEs. The significance of enterprises for future economic performance will consider the matter of "ideal" personality attributes of entrepreneurs, which is a commonly debated subject in both theory and practice. Regarding the present social context, including its norms and operational regulations, it is widely considered that individuals who possess certain features are the only ones who have a chance to achieve major success (Kozubíková, et al., 2017). The personality traits of entrepreneurs may have substantial impacts on the management of SMEs. Being organizational leaders, their personality attributes have significant impacts on the future development of an organization (Kozubíková, et al., 2017). The current trends, including the highly variable nature of the environment, quick changes, and the growing cognitive complexity in many areas of our life, have been seen to impact the interactions between individuals and groups in society (Holiienka, et al., 2015). These links encompass multiple facets of personal self-actualization, including, but not limited to one's professional job. The conclusion of this is that the adventurous propensity, which is reflected by entrepreneurial qualities, is important not just for persons who aim to become owner/managers of traditional for-profit organizations (Holiienka, et al., 2015). The gains of the entrepreneurial notion are observed in a wide variety of circumstances.

Since the 1950s, academics and researchers have been investigating the links between personality traits and entrepreneurship. They have explored specific personality qualities that may indicate a higher likelihood of becoming a successful entrepreneur (Byers, Kist & Sutton, 2022). Carter, Gartner, Shaver & Gatewood (2018) recognized that the primary distinction between entrepreneurs and non-entrepreneurs lies in the fact that entrepreneurs desire to have autonomy over their own future. This control serves as an indicator and highlights the fact that there is no specific set of behavioural characteristics that can be used to distinguish entrepreneurs from non-entrepreneurs. Carter, et al., (2018) contend that anyone aspiring to reach success must attain certain elements, which are present not only in entrepreneurs but also in all prosperous individuals. Moreover, literature on entrepreneurship depicts successful entrepreneurs as persons who possess a particular attribute that empowers them to make impactful judgements in situations characterized by uncertainty (Drucker, 2012). Some individuals can acquire the capacity to make such decisions through training, while others possess it innately.

Small and medium enterprises are playing an increasingly significant role in driving economic growth and development in today's fast-paced and competitive global economy (Islam, Khan, Obaidullah & Alam, 2011). Many governments in various emerging economies worldwide have recognized the significant role played by SMEs in promoting sustainable economic growth, creating employment opportunities, and reducing poverty (Swerczek & Ha, 2018). A study conducted by Abor & Quartey (2015) in South Africa reveals that 91 percent of the country's formal business entities are SMEs. These SMEs provide a significant contribution to the country's GDP, accounting for approximately 52 to 57 percent. Furthermore, they also play a crucial role in employment, representing roughly 61 percent of the workforce (National Credit Regulator, 2015). Research on the performance of SMEs has been a prominent focus in the field of industrial development (Akhtar, 2019). The significance of SMEs' performance cannot be overstated, particularly in today's global economy marked by increasing industrialization. To promote the growth of SMEs, there has been a significant increase in the support provided by public, corporate, and academic institutions in many industries (Staddard, 2021). It also includes the impact that the characteristics of entrepreneurs and firms have on the performance of these SMEs (Woldie, Leighton & Adesua, 2013). These characteristics include gender, age, education, work experience, and managerial competence (Mahmoud, 2021). On the other hand, the performance of SMEs may also be influenced by certain characteristics of the firms themselves. These characteristics include the length of time the SMEs has been in business.

Studies have extensively examined the relationship between the traits of entrepreneurs and the performance of their firms. Research conducted by Erikson (2022), Westerberg and Wincent (2018), and Islam et al. (2011) demonstrates that various factors related to entrepreneurs, such as demographic factors, individual background, personal traits, entrepreneur orientation, and entrepreneur readiness, significantly influence the performance of small and medium enterprises (SMEs). The internal capacities that shape the character and conduct of the entrepreneur are vital variables that influence the performance

of the firm (Schreckenberget al., 2016; Dubey, 2018; Zoysa & Herath, 2017; Islam et al., 2021). Therefore, an enterprise mirrors the attributes of the entrepreneur, whose dedication and foresight play a pivotal role in the success of the company. The entrepreneur integrates both concrete and abstract resources into a company entity (Gomez, 2016). Erikson (2012) noted that the attributes of the entrepreneur directly influence the success of the company. The traits of the entrepreneur driving the process are the primary factors that drive firm performance.

Entrepreneurship is a challenging profession that does not guarantee absolute success. In order for entrepreneurs to attain a certain level of success, there are multiple crucial components that need to be in place. The economic policies implemented in numerous African countries, including Nigeria, over the two to three decades following political independence, have often been unfavourable for SMEs in Nigeria. This saligns with Adjebeng-Asem's (2019) perspective that the African entrepreneur is still active and thriving. However, instead of engaging in manufacturing enterprises, they have been redirected towards unproductive activities that seek to gain economic rent. Some researchers refer to this phenomenon as commercial entrepreneurship, which has frequently resulted in a decrease in the performance of SMEs in Nigeria. SMEs in Nigeria account for around 90% of the industrial sector in terms of the number of firms. Additionally, they constitute 70% of the total workforce in the national industrial sector. With a threshold of 10-50 employees, their contribution to industrial production is 10% and to gross domestic product (GDP) is just 1% in 2001 (Ajayi 2017). In addition, they have made substantial contributions to economic growth by providing employment opportunities, fostering job creation, and promoting sustainable livelihoods (Nigerian Investment Promotion Commission, 2019). Against this background, the study examined the relationship between entrepreneur characteristics and business performance in Good Hall Pharmacy in Oyo State, Nigeria.

Research Question

The following research questions guided the study:

Research Question: What is the extent of relationships between entrepreneurial characteristics and business performance in Good Hall Pharmacy in Oyo State, Nigeria?

Research Hypothesis

The following null hypothesis were tested at a 0.05 level of significance.

Research Hypothesis: There is no significant relationship between entrepreneurial characteristics and business performance in Good Hall Pharmacy in Oyo State, Nigeria.

Method

Research Design

A correlational survey research design was adopted to achieve the aim of the study.

Population and Sampling Procedure

The population of the study consist of all workers in the Goodhall Pharmarcy. Taking the whole population is a difficult task therefore a sample was used by the author. There are two basic ways of making the sample size decision, one is by rule of thumb and the other one is by calculated method. In this research work, the rule of the thumb was used for this research where 50 workers were selected as the sample size. The sample is also made up of people in line with the Good Hall Pharmacy.

Research Instrument

Self-structured questionnaire was used to gather information from the respondents. The questionnaire was structured based on a four point Likert scale of Strongly agreed (SA), Agreed (A), Disagreed (D) Strongly disagreed (SD).

Validation and Reliability of Research Instrument

The face and content validity of the instrument was done by two experts from Business Education and one from Test and Measurement from Kwara State University, Malete. Reliability of the instrument is based on the test administered at different times with obtained result considered over firms and its internal consistency was obtained through Cronbach's alpha, which yielded a co-efficient of 0.78 indicating that the instrument was reliable.

Data Collection Procedure

The authors produced fifty (50) questionnaires. The researcher and two research assistants visits the company for administration, and monitored the whole exercise. The questionnaire was collected from the respondents on the spot.

Data Analysis

The statistical tool employed in this study was Linear regression, which was used in testing the hypotheses at a 0.05 level of significance.

Result

Research Question: What is the extent of relationships between entrepreneurial characteristics and business performance in Good Hall Pharmacy in Oyo State, Nigeria?

Research Hypothesis: There is no significant relationships between entrepreneurial characteristics and business performance in Good Hall Pharmacy in Oyo State, Nigeria.

Table 1: Regression Estimates of the Relationship between Entrepreneurial Characteristics and Business Performance in Good Hall Pharmacy in Oyo State, Nigeria.

Variables	β	P	SE	t	R^2	$Adj. R^2$	F	Decision
EC	.516	.000	.320	.165	.000	.030	.070	<i>Sig.</i>
BP								

Note. $N = 50$, $p < 0.05$, EC = Entrepreneurial Characteristics, BP = Business Performance.

Table 1 showed the relationship between entrepreneurial characteristics and business performance. The Table showed the significant coefficients ($F = .070$, $\beta = .516$, $t = .165$, $p < .000$), which confirmed the results obtained. The adjusted r-square (.030) showed that 30% of variance in business performance is determined by entrepreneurial characteristics. All in all, entrepreneurial characteristics is found to positively influence business performance. Hence, the hypothesis formed is rejected.

Discussion

Hypothesis proposed revealed that entrepreneurial characteristics have a significant relationship with business performance. In other word, there is significant relationship between entrepreneurial characteristics and business performance. This is in line with Sanchez and Marin (2015) which sees SMEs performance as a complex and multidimensional in scope and character. It includes the convergence of ambition owner/manager, competence, internal factors organization, the resources and infrastructure, external relations and networking as entrepreneurial characteristics. The result is also consistent with Murad and Rula (2015); Bouazza, et al., (2022) but inconsistent with the findings of Adisa et al., (2016). Hypothesis proposed further revealed that there is no relationship between technical/technological skills by SMEs owners and firm's performance. This signifies strong positive relationship between entrepreneurial characteristics and business performance. And this result is consistent with the study of Adisa et al., (2016). Also, the more entrepreneurs are well equipped with in

technology know-how, the more the increment in the customer satisfaction. Thus, this assertion and finding is in line with Adisa et al., (2016) and Bouazza, et al., (2022).

Conclusion

The aim of this research was to investigate the effects of entrepreneurial characteristics on business performance in Good Hall Pharmacy in Oyo State. The results confirmed that the period in which SMEs have been in business, educational qualification of entrepreneur, size of the firm, sector of the firm, location of the firm, experience of the entrepreneur and managerial competence all have statistically significant positive effects on performance of the SMEs. Managerial competence and education had a statistically significant positive effects on SMEs success, including experience, period of enterprise in business, location of firm, size of the firm and sector of the firm; respectively. There is a significant relationship between entrepreneurial characteristics and SMEs performance, and more specifically there is a significant relationship between technical/technological skills by SMEs owners and firm's performance.

Recommendations

The following recommendations were made based on the findings of the study.

12. Nigerian government, universities, higher learning institutions and financial service providers should endeavour to incorporate additional simplified short course training programmes that will include business knowledge skills (book keeping, marketing, entrepreneurship and business management) in their programmes. The inclusion of these training courses will certainly foster the survival and growth of SMEs.
13. SME owners should endeavour to ensure the management of the family business is worked through and the best people placed in the right roles to ensure the future success of the business. This will create an avenue where entrepreneurs from entrepreneurial families do not own or manage businesses they have little knowledge or prior experience on how the business is run and operated.
14. Leadership characteristics in entrepreneurs should be fostered and encouraged to promote experiential learning, social interaction learning, training in leadership knowledge and skills development, motivation, communication skills and team working.
15. It is possible to improve the business practices and capabilities of entrepreneurs through developing and discussing the entrepreneur's strategic plans in workshops so that all participants get to benefit from the programme, irrespective of their characteristics or the level of capabilities at the start of the programme. Also, with regards to entrepreneurial/managerial capabilities, entrepreneurs are encouraged to accumulate internal capabilities and develop external networks simultaneously.

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